

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 91-645-C - ORDER NO. 92-193  
MARCH 13, 1992

IN RE: Application of Quest Communications ) ORDER  
Corporation for Certificate of ) GRANTING  
Public Convenience and Necessity. ) CERTIFICATE

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of an Application of Quest Communications Corporation (Quest) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications services in the State of South Carolina. Quest's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1990) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Quest to publish a prepared Notice of Filing and Hearing in newspapers of general circulation in the affected areas one time. The purpose of the Notice of Filing and Hearing was to inform interested parties of Quest's Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. Quest complied with this instruction and provided the Commission with proof of publication of the Notice of Filing and Hearing.

Petitions to Intervene were filed by Southern Bell Telephone & Telegraph Company (Southern Bell) and the South Carolina Department

of Consumer Affairs (the Consumer Advocate).

A hearing was commenced on Tuesday, March 3, 1992, at 11:00 a.m. in the Commission's Hearing Room. The Honorable Marjorie Amos-Frazier presided. Thornton Kirby, Esquire, appeared for Quest. Carl F. McIntosh, Esquire, represented the Consumer Advocate; Caroline N. Watson, Esquire, represented Southern Bell; and F. David Butler, Staff Counsel, represented the Commission Staff.

At the beginning of the hearing, Southern Bell announced that it had entered into a stipulation with Quest. The terms of said Stipulation are as follows:

- (1) Any grant of authority should clearly be for interLATA services only.
- (2) If any intraLATA calls are "inadvertently" completed by the carrier, the carrier should reimburse the LEC pursuant to the Commission's Order in PSC Docket No. 86-187-C. The definition of such inadvertent completion is as contained in such Order.
- (3) All operator services should be only for interLATA calls and any "0+" or "0-" intraLATA calls should be handed off to the LEC.
- (4) Nothing in 1, 2, or 3 above shall prohibit Quest Communications Corporation from offering any services authorized for resale by tariffs of facility based carriers approved by the Commission.

- (5) Applicant does not currently and has no future plans to resell such service described as "a virtual private network offering which utilizes the capacity and software technology of a switched network to enable customers to secure what are essentially private network services." Such service is currently offered by AT&T as "Software Defined Network" or "DNS," by M.C.I. as "V - Net," "Prism or Prism II," and by U.S. Sprint as "Virtual Private Network."

After introducing the Stipulation into evidence as Hearing Exhibit 1, Southern Bell withdrew its participation in the case.

Quest presented the testimony of Rick L. Anthony in support of its Application. Mr. Anthony explained Quest's request for certification to operate as a reseller of interexchange telecommunications services in South Carolina. He stated that the Applicant is a Florida Corporation authorized to do business in the State of South Carolina. Anthony outlined Quest's qualifications, background, and technical capabilities.

According to witness Anthony, the Applicant's target market includes hotels and motels. Each customer is charged individually for each call placed through the Applicant and customers are billed based on their use of the Applicant's long distance network.

#### FINDINGS OF FACT

1. Quest is incorporated under the laws of the State of Florida, and is licensed to do business as a foreign corporation in South Carolina.

2. Quest operates as a non-facilities based reseller of interexchange services, and wishes to do so on an interLATA basis in South Carolina.

3. Quest has the experience, capability, and financial resources to provide the services as described in its application.

4. Southern Bell and other local exchange carriers (LEC's) should be compensated for any unauthorized intraLATA calls completed through Quest's service arrangements.

5. The Stipulation between Quest and Southern Bell is reasonable and should be accepted by this Commission.

#### CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Quest to provide intrastate, interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Services, or any other services authorized for resale by tariffs of facility based carriers approved by the Commission.

2. That all intrastate intraLATA calls must be completed over intraLATA WATS, MTS, private and foreign exchange lines or any other service of facility based carriers which have been approved for resale on an intraLATA basis. That Quest should be required to hand off to the local exchange carrier (LEC) all "0+" and "0-" local and intraLATA calls attempted over its network. Any intraLATA calls not completed in the manner outlined herein would be considered unauthorized traffic and the Company will be required to compensate the LEC's for any unauthorized intraLATA calls it carries, pursuant to Commission Order No. 86-793 in Docket No.

86-187-C.

3. The Commission adopts a rate design for Quest for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate level with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communication Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984). Quest shall file maximum rate tariffs within 30 days of the date of this Order.

4. Quest shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Quest shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of Quest's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1990). That the appropriate rates for operator assisted and calling card calls should not be higher than the intrastate rates, including the handling service charges and charges for usage, charged by AT&T at the time the call is made.

5. Quest shall file its tariff and an accompanying price list in a loose leaf binder to reflect the Commission's findings within thirty (30) days of the date of this Order.

6. Quest is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

7. With regard to Quest's resale of services, an end user should be able to access another interexchange carrier or operator service provider if they so desire.

8. Quest shall resell the services of only those interexchange carriers or LEC's authorized to do business in South Carolina by this Commission. If Quest changes underlying carriers, it shall notify the Commission in writing.

9. Quest may allow as per its tariff a hotel or motel to collect a surcharge on each call made, said surcharge to be limited to a maximum of one dollar (\$1). The surcharge must be retained by the hotel or motel and may not be paid to Quest.


10. That Quest should be required to provide materials to inform users in hotels and motels that operator services are provided by Quest, how the user may obtain rate information upon request, method to contact company if problems are experienced by the users of the service, and amount of surcharge billed on behalf of a customer.

11. Quest shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.


12. The Stipulation between Quest and Southern Bell is hereby accepted and approved.

13. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS  
FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS\* FOR 12  
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

\* THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,  
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION  
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,  
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER  
DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE\* AT DECEMBER 31 OR FISCAL YEAR  
ENDING \_\_\_\_\_.

\* THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT  
PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND  
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE  
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS  
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT  
(SEE #3 ABOVE).